

AMENDED IN ASSEMBLY APRIL 17, 2006

AMENDED IN ASSEMBLY APRIL 3, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2918**

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**Introduced by Assembly Member Wolk**

February 24, 2006

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An act to amend Section 101750 of the Health and Safety Code, and to amend Sections 14087.51 and 14087.54 of the Welfare and Institutions Code, relating to county organized health systems.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2918, as amended, Wolk. Medi-Cal: county organized health systems.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

Existing law allows the board of supervisors of the County of Santa Barbara, by ordinance or resolution, to order the formation of the Santa Barbara Regional Health Authority with specified powers, including the power to provide health care delivery systems for persons eligible under the Medi-Cal program and other specified persons.

This bill would, in addition, allow the Santa Barbara Regional Health Authority, to provide health care delivery systems for other individuals or groups, including, but not limited to, public agencies, private businesses, and uninsured or indigent persons.

Existing law allows any county or counties to establish a special commission in order to meet the problems of the delivery of publicly

assisted medical care in the county or counties and to demonstrate ways of promoting quality care and cost efficiency. Existing law allows the board of supervisors of a county, by ordinance, to authorize the commission to provide health care delivery systems to specified populations, including Medi-Cal beneficiaries. Existing

*This bill would, in addition, allow the board of supervisors of a county, by ordinance, to authorize such a commission to provide health care delivery systems for other individuals or groups, including, but not limited to, public agencies, private businesses, and uninsured or indigent persons.*

Existing law allows the commission operating in the Counties of Santa Cruz and Monterey to enter into contracts for the provision of health care services to certain persons, with specified conditions.

~~This bill would, instead, allow a commission of this type to provide health care delivery systems to the above populations without separate authorization from a board of supervisors, and would allow such a commission to provide health care delivery systems for other individuals or groups, including, but not limited to, public agencies, private businesses, and uninsured or indigent persons. delete this provision.~~

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 101750 of the Health and Safety Code
- 2 is amended to read:
- 3 101750. The authority is hereby declared to be a body
- 4 corporate and politic and it shall have power:
- 5 (a) To have perpetual succession.
- 6 (b) To sue and be sued in the name of the authority in all
- 7 actions and proceedings in all courts and tribunals of competent
- 8 jurisdiction.
- 9 (c) To adopt a seal and alter it at pleasure.
- 10 (d) To take by grant, purchase, gift, devise, or lease, to hold,
- 11 use and enjoy, and to lease, convey or dispose of, real and
- 12 personal property of every kind, within or without the boundaries
- 13 of the authority, necessary or convenient to the full exercise of its
- 14 powers. The board may lease, mortgage, sell, or otherwise
- 15 dispose of any real or personal property within or without the

1 boundaries of the authority necessary to the full or convenient  
2 exercise of its powers.

3 (e) To make and enter into contracts with any public agency or  
4 person for the purposes of this chapter, including, but not limited  
5 to, agreements under Chapter 5 (commencing with Section 6500)  
6 of Division 7 of Title 1 of the Government Code. Members of the  
7 board shall be disqualified from voting on contracts in which  
8 they have a financial interest. Notwithstanding any other  
9 provision of law, members shall not be disqualified from  
10 continuing to serve as a member of the board and a contract may  
11 not be avoided solely because of a member's financial interest.

12 (f) To appoint and employ an executive director and other  
13 employees as may be necessary, including legal counsel, fix their  
14 compensation and define their powers and duties. The board shall  
15 prescribe the amounts and forms of fidelity bond of its officers  
16 and employees. The cost of these bonds shall be borne by the  
17 authority. The authority may also contract for the services of an  
18 independent contractor.

19 (g) To incur indebtedness not exceeding revenue in any year.

20 (h) To purchase supplies, equipment, materials, property, or  
21 services.

22 (i) To establish policies relating to its purposes.

23 (j) To acquire or contract to acquire, rights-of-way, easements,  
24 privileges, or property of every kind within or without the  
25 boundaries of the authority, and construct, equip, maintain, and  
26 operate any and all works or improvements within or without the  
27 boundaries of the authority necessary, convenient, or proper to  
28 carry out any of the provisions, objects or purposes of this  
29 chapter, and to complete, extend, add to, repair, or otherwise  
30 improve any works or improvements acquired by it.

31 (k) To make contracts and enter into stipulations of any nature  
32 upon the terms and conditions that the board finds are for the best  
33 interest of the authority for the full exercise of the powers  
34 granted in this chapter.

35 (l) To accept gifts, contributions, grants or loans from any  
36 public agency or person for the purposes of this chapter. The  
37 authority may do any and all things necessary in order to avail  
38 itself of the gifts, contributions, grants or loans, and cooperate  
39 under any federal or state legislation in effect on March 25, 1982,  
40 or enacted after that date.

1 (m) To manage its moneys and to provide depository and  
2 auditing services pursuant to either of the methods applicable to  
3 special districts as set forth in the Government Code.

4 (n) To negotiate with service providers rates, charges, fees and  
5 rents, and to establish classifications of health care systems  
6 operated by the authority. Members of the board who are county  
7 officers and employees may vote to approve arrangements and  
8 agreements between the authority and the county as a service  
9 provider and these directors shall not thus be disqualified solely  
10 for the reason that they are employed by the county.

11 (o) To develop and implement health care delivery systems to  
12 promote quality care and cost efficiency and to provide appeal  
13 and grievance procedures available to both providers and  
14 consumers.

15 (p) To provide health care delivery systems for any or all of  
16 the following:

17 (1) For all persons who are eligible to receive medical benefits  
18 under the Medi-Cal Act, as set forth in Sections 14000 et seq., of  
19 the Welfare and Institutions Code in the service area through  
20 waiver, pilot project, or otherwise.

21 (2) For all persons in the service area who are eligible to  
22 receive medical benefits under both Titles XVIII and XIX of the  
23 federal Social Security Act.

24 (3) For all persons in the service area who are eligible to  
25 receive medical benefits under Title XVIII of the federal Social  
26 Security Act.

27 (4) For all persons in the service area who are eligible to  
28 receive medical benefits under publicly supported programs if  
29 the authority, and participating providers acting pursuant to  
30 subcontracts with the authority, agree to hold harmless the  
31 beneficiaries of the publicly supported programs if the contract  
32 between the sponsoring government agency and the authority  
33 does not ensure sufficient funding to cover program benefits.

34 (5) Other individuals or groups, including, but not limited to,  
35 public agencies, private businesses, and uninsured or indigent  
36 persons.

37 (q) To insure against any accident or destruction of its health  
38 care system or any part thereof. It may insure against loss of  
39 revenues from any cause. The authority may also provide

1 insurance as provided in Part 6 (commencing with Section 989)  
2 of Division 3.6 of Title 1 of the Government Code.

3 (r) To exercise powers that are expressly granted and powers  
4 that are reasonably implied from express powers and necessary to  
5 carry out the purposes of this chapter.

6 (s) To do any and all things necessary to carry out the  
7 purposes of this chapter.

8 (t) With respect to services provided outside the county, the  
9 authority may only provide those services to the extent that the  
10 services are authorized by resolution of the board of supervisors  
11 of the county in which the services are to be provided.

12 SEC. 2. Section 14087.51 of the Welfare and Institutions  
13 Code is amended to read:

14 14087.51. (a) It is necessary that a special commission be  
15 established in San Mateo County and in any other county  
16 designated by the California Medical Assistance Commission in  
17 order to meet the problems of the delivery of publicly assisted  
18 medical care in the counties and to demonstrate ways of  
19 promoting quality care and cost efficiency.

20 (b) The Board of Supervisors of San Mateo County and of the  
21 designated counties may, by ordinance, establish commissions to  
22 do any or all of the following:

23 (1) Negotiate the exclusive contracts specified in Section  
24 14087.5 and to arrange for the provision of health care services  
25 provided pursuant to this chapter.

26 (2) Enter into contracts for the provision of health care  
27 services to subscribers in the Healthy Families Program.

28 (3) Enter into agreements under Chapter 5 (commencing with  
29 Section 6500) of Division 7 of Title 1 of the Government Code.

30 (c) In addition to the authority specified in subdivision (b),  
31 *the Board of Supervisors of San Mateo County may, by*  
32 *ordinance, authorize the* commission established pursuant to this  
33 section ~~may~~ *to* provide health care delivery systems for any or all  
34 of the following persons:

35 (1) Persons who are eligible to receive medical benefits under  
36 this chapter in the county, including, but not limited to, persons  
37 who are eligible through federal waiver or a pilot project.

38 (2) Persons who are eligible to receive medical benefits under  
39 both Title 18 and Title 19 of the federal Social Security Act.

1 (3) Persons who are eligible to receive medical benefits under  
2 Title 18 of the federal Social Security Act.

3 (4) Persons who are eligible to receive medical benefits under  
4 publicly supported programs if the commission and participating  
5 providers acting pursuant to subcontracts with the commission  
6 agree to hold harmless the beneficiaries of the publicly supported  
7 programs if the contract between the sponsoring government  
8 agency and the commission does not ensure sufficient funding to  
9 cover program costs.

10 (5) Other individuals or groups, including, but not limited to,  
11 public agencies, private businesses, and uninsured or indigent  
12 persons.

13 (d) If the board of supervisors elects to enact an ordinance  
14 pursuant to this section, all rights, powers, duties, privileges, and  
15 immunities vested in a county by an article shall be vested in the  
16 county commission. Any reference in this article to “county”  
17 shall mean a commission established pursuant to this section.

18 (e) The enabling ordinance shall specify the membership of  
19 the county commission, the qualifications for individual  
20 members, and any other matters as the board of supervisors  
21 deems necessary or convenient for the conduct of the county  
22 commission’s activities. A commission so established shall be  
23 considered a public entity for purposes of Division 3.6  
24 (commencing with Section 810) of Title 1 of the Government  
25 Code. All commissioners shall be appointed by majority vote of  
26 the board of supervisors and shall serve at the pleasure thereof.  
27 The board of supervisors may appoint no more than two of its  
28 own members to serve on the commission.

29 (f) As an alternative to establishing a separate commission, the  
30 enabling ordinance may designate the board of supervisors itself  
31 as the commission authorized by this article.

32 SEC. 3. Section 14087.54 of the Welfare and Institutions  
33 Code is amended to read:

34 14087.54. (a) Any county or counties may establish a special  
35 commission in order to meet the problems of the delivery of  
36 publicly assisted medical care in the county or counties and to  
37 demonstrate ways of promoting quality care and cost efficiency.

38 (b) (1) A county board of supervisors may, by ordinance,  
39 establish a commission to negotiate the exclusive contract  
40 specified in Section 14087.5 and to arrange for the provision of

1 health care services provided pursuant to this chapter. The boards  
2 of supervisors of more than one county may also establish a  
3 single commission with the authority to negotiate an exclusive  
4 contract and to arrange for the provision of services in those  
5 counties. If a board of supervisors elects to enact this ordinance,  
6 all rights, powers, duties, privileges, and immunities vested in a  
7 county by this article shall be vested in the county commission.  
8 Any reference in this article to “county” shall mean a  
9 commission established pursuant to this section.

10 (2) In addition to the authority specified in paragraph (1), ~~a the~~  
11 *board of supervisors may, by ordinance, authorize the*  
12 commission established pursuant to this section ~~may to~~ provide  
13 health care delivery systems for any or all of the following  
14 persons:

15 (A) Persons who are eligible to receive medical benefits under  
16 both Title 18 of the federal Social Security Act (42 U.S.C. Sec.  
17 1395 et seq.) and Title 19 of the federal Social Security Act (42  
18 U.S.C. Sec. 1396 et seq.).

19 (B) Persons who are eligible to receive medical benefits under  
20 Title 18 of the federal Social Security Act (42 U.S.C. Sec. 1395).

21 (C) Other individuals or groups, including, but not limited to,  
22 public agencies, private businesses, and uninsured or indigent  
23 persons.

24 ~~(4)~~

25 (3) For purposes of providing services to persons described in  
26 subparagraph (A) or (B) of paragraph (2), if the commission  
27 seeks a contract with the federal Centers for Medicare and  
28 Medicaid Services to provide Medicare services as a Medicare  
29 Advantage program, the commission shall first obtain a license  
30 under the Knox-Keene Health Care Service Plan Act (Chapter  
31 2.2 (commencing with Section 1340) of Division 2 of the Health  
32 and Safety Code).

33 ~~(5)~~

34 (4) With respect to the provision of services for persons  
35 described in subparagraph (A) or (B) of paragraph (2), the  
36 commission shall conform to applicable state licensing and  
37 freedom of choice requirements as directed by the federal  
38 Centers for Medicare and Medicaid Services.

39 ~~(6)~~

(5) Any material provided to a person described in subparagraph (A) or (B) of paragraph (2) who is dually eligible to receive medical benefits under both the Medi-Cal program and the Medicare Program regarding the enrollment or availability of enrollment in Medicare services established by the commission shall include notice of all of the following information in the following format:

(A) Medi-Cal eligibility will not be lost or otherwise affected if the person does not enroll in the plan for Medicare benefits.

(B) The person is not required to enroll in the Medicare plan to be eligible for Medicare benefits.

(C) The person may have other choices for Medicare coverage and for further assistance may contact the federal Centers for Medicare and Medicaid Services (CMS) at 1-800-MEDICARE or [www.Medicare.gov](http://www.Medicare.gov).

(D) The notice shall be in plain language, prominently displayed, and translated into any language other than English that the commission is required to use in communicating with Medi-Cal beneficiaries.

(c) It is the intent of the Legislature that if a county forms a commission pursuant to this section, the county shall, with respect to its medical facilities and programs occupy no greater or lesser status than any other health care provider in negotiating with the commission for contracts to provide health care services.

(d) The enabling ordinance shall specify the membership of the county commission, the qualifications for individual members, the manner of appointment, selection, or removal of commissioners, and how long they shall serve, and any other matters as a board of supervisors deems necessary or convenient for the conduct of the county commission's activities. A commission so established shall be considered an entity separate from the county or counties, shall be considered a public entity for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code, and shall file the statement required by Section 53051 of the Government Code. The commission shall have in addition to the rights, powers, duties, privileges, and immunities previously conferred, the power to acquire, possess, and dispose of real or personal property, as may be necessary for the performance of its functions, to employ personnel and contract for services required to meet its



1 obligations, to sue or be sued, and to enter into agreements under  
2 Chapter 5 (commencing with Section 6500) of Division 7 of Title  
3 1 of the Government Code. Any obligations of a commission,  
4 statutory, contractual, or otherwise, shall be the obligations solely  
5 of the commission and shall not be the obligations of the county  
6 or of the state.

7 (e) Upon creation, a commission may borrow from the county  
8 or counties, and the county or counties may lend the commission  
9 funds, or issue revenue anticipation notes to obtain those funds  
10 necessary to commence operations.

11 (f) In the event a commission may no longer function for the  
12 purposes for which it was established, ~~at such time as~~ *the time*  
13 *that* the commission's then existing obligations have been  
14 satisfied or the commission's assets have been exhausted, the  
15 board or boards of supervisors may by ordinance terminate the  
16 commission.

17 (g) Prior to the termination of a commission, the board or  
18 boards of supervisors shall notify the State Department of Health  
19 Services of its intent to terminate the commission. The  
20 department shall conduct an audit of the commission's records  
21 within 30 days of the notification to determine the liabilities and  
22 assets of the commission. The department shall report its findings  
23 to the board or boards within 10 days of completion of the audit.  
24 The board or boards shall prepare a plan to liquidate or otherwise  
25 dispose of the assets of the commission and to pay the liabilities  
26 of the commission to the extent of the commission's assets, and  
27 present the plan to the department within 30 days upon receipt of  
28 these findings.

29 (h) Upon termination of a commission by the board or boards,  
30 the county or counties shall manage any remaining assets of the  
31 commission until superseded by a department approved plan.  
32 Any liabilities of the commission shall not become obligations of  
33 the county or counties upon either the termination of the  
34 commission or the liquidation or disposition of the commission's  
35 remaining assets.

36 (i) Any assets of a commission shall be disposed of pursuant  
37 to provisions contained in the contract entered into between the  
38 state and the commission pursuant to this article.

O